Doane Grant Thornton

Financial Statements

Fife House Foundation Inc.

March 31, 2026

[Company Name]

Contents

	Page
Independent Auditor’s Report	1 - 3
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Assets	6
Statement of Cash Flows	7
Notes to the Financial Statements	8 - 14

Doane Grant Thornton

Independent Auditor's Report

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To the Board of Directors of
Fife House Foundation Inc.

Qualified Opinion

We have audited the financial statements of Fife House Foundation Inc. ("the Organization"), which comprise the statement of financial position as at March 31, 2026, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Fife House Foundation Inc. as at March 31, 2026, and its results of operations and its cash flows for the year then ended in accordance with the financial reporting provisions of the Ministry of Health Directive #98-02 with respect to government-funded property.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, (deficiency) excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2026 and 2025, current assets as at March 31, 2026 and 2025, and net assets as at April 1 and March 31 for both the 2026 and 2025 years. The predecessor auditor's opinion on the financial statements for the year ended March 31, 2025 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter – Basis of Accounting and Restriction on Use

We draw attention to Note 2 in the financial statements, which describes the basis of accounting. The financial statements are prepared to assist the Organization in complying with the reporting provisions of the Ministry of Health Directive #98-02 as interpreted by management for the purposes of reporting to the Ministry of Health. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Board of Directors and the Ministry of Health and should not be used by parties other than the Board of Directors and the Ministry of Health. Our opinion is not modified in respect of this matter.

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Other Matter

The financial statements of the Organization for the year ended March 31, 2025, were audited by another auditor who expressed a qualified opinion on those financial statements on June 23, 2025.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.

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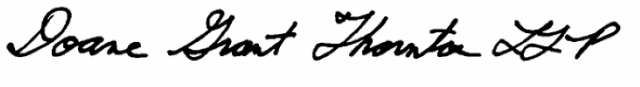
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Markham, Canada
July 21, 2026

Chartered Professional Accountants
Licensed Public Accountants

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Fife House Foundation Inc.
Statement of Financial Position

March 31

	2026	2025
Assets		
Current		
Cash	**$ 1,606,368**	$ 1,032,253
Short-term Investments (Note 3)	**1,070,341**	957,626
Accounts receivables	**226,075**	273,013
Prepaid expenses	**138,058**	82,368
	3,040,842	2,345,260
Capital assets (Note 4)	**1,081,330**	1,180,393
	$ 4,122,172	$ 3,525,653
Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 1,145,362**	$ 974,020
Deferred contributions (Note 5)	**792,687**	677,338
Current portion of mortgage payable	**-**	11,830
	1,938,049	1,663,188
Deferred capital contributions (Note 6)	**1,473,108**	1,133,787
	3,411,157	2,796,975
Net assets		
Endowment	**35,953**	32,332
Internally restricted	**675,062**	696,346
	711,015	728,678
	$ 4,122,172	$ 3,525,653

Commitments (Note 8)
Contingencies (Note 10)
Economic dependence (Note 11)

On behalf of the Board

JPerez — Director — President

Ariel Magil — Director — Treasurer

See accompanying notes to the financial statements.

Fife House Foundation Inc.
Statement of Operations

Year ended March 31

	2026	2025
Revenue		
Core grants (Note 7(a))	**$ 5,866,715**	$ 5,927,641
Other income (Note 7(b))	**882,687**	786,713
One-time grants	**-**	99,090
Fundraising	**296,530**	317,327
City of Toronto – Shelter, Support and Housing Administration	**145,819**	167,057
	7,191,751	7,297,828
Expenses		
Salaries and benefits	**4,738,146**	4,603,761
Housing operations	**802,311**	831,409
Purchased services	**382,038**	431,370
Residents' programs	**341,845**	384,582
Amortization of capital assets	**315,246**	253,646
Office and administrative	**223,636**	287,141
Rent	**201,277**	168,463
One-time funded	**67,897**	44,414
Advertising and promotion	**49,015**	43,559
Staff education	**39,963**	103,975
Fundraising	**22,184**	54,450
Other programs	**19,446**	10,726
Travel	**5,863**	4,828
Volunteers and board development	**4,168**	1,599
	7,213,035	7,223,923
(Deficiency) excess of revenue over expenses	**$ (21,284)**	$ 73,905

See accompanying notes to the financial statements.

Fife House Foundation Inc.
Statement of Changes in Net Assets

Year ended March 31

	Endowment Fund	Internally restricted	Unrestricted Fund	Total 2026	Total 2025
Net assets, beginning of year	$ 32,332	$ 696,346	$ -	**$ 728,678**	$ 653,480
Deficiency (excess) of revenue over expenses	-	-	(21,284)	**(21,284)**	73,905
Endowment	3,621	-	-	**3,621**	1,293
Internally restricted funds used for specified functional purposes	-	(21,284)	21,284	**-**	-
Net assets, end of year	$ 35,953	$ 675,062	$ -	**$ 711,015**	$ 728,678

See accompanying notes to the financial statements.

Fife House Foundation Inc.
Statement of Cash Flows

Year ended March 31

	2026	2025
Increase (decrease) in cash and cash equivalents		
Operating		
Deficiency (excess) of revenue over expenses	**$ (21,284)**	$ 73,905
Items not affecting cash		
Amortization of deferred contributions related to capital assets	**(270,922)**	(251,324)
Amortization of capital assets	**315,246**	253,646
Unrealized gain on short-term investments	**(29,431)**	(32,075)
Change in non-cash working capital items		
Accounts receivables	**46,938**	(32,736)
Prepaid expenses	**(55,690)**	12,104
Accounts payable and accrued liabilities	**171,342**	70,531
Deferred contributions related to expenses of future periods	**115,349**	4,433
	271,548	98,484
Financing		
Deferred capital contributions received	**610,243**	87,570
Increase in endowment	**3,621**	1,293
Mortgage principal repayments	**(11,830)**	(23,284)
	602,034	65,579
Investing		
Additions to capital assets	**(216,183)**	(87,571)
Additions to short-term investments	**(83,284)**	(58,514)
	(299,467)	(146,085)
Increase in cash	**574,115**	17,978
Cash		
Beginning of year	**1,032,253**	1,014,275
End of year	**$ 1,606,368**	$ 1,032,253

See accompanying notes to the financial statements.

1. Nature of operations

Fife House Foundation Inc. (the "Organization") was incorporated in 1988 under the Corporations Act (Ontario) as a not-for-profit organization without share capital. Its purpose is to provide supportive housing and supportive housing services for persons living with HIV/AIDS in the City of Toronto.

The Organization is a registered charitable organization within the meaning of the Income Tax Act (Canada) and is exempt from income taxes.

2. Significant accounting policies

Basis of presentation

The financial statements are prepared in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the CPA Canada Handbook, except for the government-funded property, for which the Organization is required to apply accounting policies that comply with the Ministry of Health Directive #98-02 (the "Directive") as follows:

(i) the land and building for which there is a government-based mortgage is amortized according to the sinking fund method as prescribed by the Directive. Under this policy, the cost of the land and building are amortized over the term of the mortgage secured to finance the asset and the annual charges for amortization are equal to the annual principal repayments on this mortgage;

(ii) capital assets purchased after Initial project construction, being funded from the capital/replacement reserve fund, are reported as a reduction in the capital replacement reserve fund rather than being capitalized on the statement of financial position and amortized over their estimated useful lives through the statement of operations; and

(iii) transfers to the capital/replacement reserve fund are reported as revenue and expenses in the statement of operations, rather than as an interfund transfer in the statement of changes in net assets.

Revenue recognition

The Organization follows the deferral method of accounting for contributions, which includes donations and grants.

Operating grants are recorded as revenue in the year to which they relate. Grants approved but not received at the end of an accounting year are accrued. Where a portion of a grant relates to a future year, it is deferred and recognized in the subsequent year.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are recognized. Contributions restricted for the purchase of capital assets are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

Endowment contributions are recognized as direct increases in endowment net assets.

2. Significant accounting policies (continued)

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Repairs and maintenance costs are charged to expenses. Betterments which extend the estimated life of an asset are capitalized. When a capital asset no longer contributes to the Organization's ability to provide services, its carrying amount is written down to its residual value.

For government-funded property, amortization of the land and building is equal to the annual mortgage amortization amount required to repay the principal amount of the mortgage.

Amortization of other assets is provided on a straight-line basis over the estimated useful life of the asset as follows:

Asset	Rate
Building	20 years
Office equipment	5 years
Computer hardware and software	3 years
Furniture and fixtures	5 years
Leasehold improvements	10 years

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The assets are tested for impairment by comparing the net carrying value to its fair value or replacement cost. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

Financial instruments

The Organization considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Organization accounts for the following as financial instruments: cash, short-term investments, accounts receivable and accounts payable.

Financial instruments are recorded at fair value upon initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Organization has not elected to carry any such financial instruments at fair value, except investments which are measured at fair value.

A financial asset (or group of similar financial assets) measured at cost or amortized cost are tested for impairment when there are indicators of impairment. Impairment losses are recognized in the statement of operations. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in the (deficiency) excess of revenue over expenses.

The Organization removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

2. Summary of significant accounting policies (continued)

Net assets

Net assets restricted for endowment purposes are subject to externally imposed restrictions, which stipulate that the principal be maintained intact. Interest earned on the principal is to be considered part of the principal until the principal reaches $10,000.

Net assets restricted for specific functional purposes are subject to the Organization's and Board of Directors' direction before any encroachment on their principal.

Contributed materials and services

A substantial number of volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services, including those of volunteers, are not recognized in the financial statements. Contributed materials are recognized in the financial statements when a fair value can be reasonably estimated.

Foreign currency translation

Monetary assets and liabilities are translated at the prevailing rates of exchange at the balance sheet date. Revenue and expenses are translated at the average exchange rates for the year. Realized and unrealized exchange gains and losses are included in unrealized gain (loss) on short-term investments and gain (loss) on disposal of short-term investments or in income in the statement of operations.

Use of estimates

The preparation of the financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reporting year. Because of the use of estimates inherent in the financial reporting process, actual results could differ from those estimates.

3. Short-term investments

	2026		2025	
	Cost	**Market**	Cost	Market
Encasa Canadian Bond Fund Series A	**$ 211,384**	**$ 190,399**	$ 86,711	$ 86,711
Encasa Equity Fund Series A	**295,656**	**413,807**	380,395	366,981
Encasa Canadian Short-Term Bond Fund Series A	**392,704**	**376,203**	235,083	320,877
Manulife Bank Investment Savings account	**89,932**	**89,932**	199,350	183,057
	$ 989,676	**$ 1,070,341**	$ 901,539	$ 957,626

4. Capital assets

	Cost	Accumulated amortization	**2026 Net book value**	2025 Net book value
Land	$ 350,620	$ 324,219	**$ 26,401**	$ 89,160
Building	529,640	422,996	**106,644**	95,480
Office equipment	245,747	243,158	**2,589**	3,058
Computer hardware and software	445,165	421,603	**23,562**	17,918
Furniture and fixtures	435,114	422,416	**12,698**	9,441
Leasehold improvements	2,782,864	1,873,428	**909,436**	965,336
	$ 4,789,150	$ 3,707,820	**$ 1,081,330**	$ 1,180,393

5. Deferred contributions

Deferred contributions represent externally restricted contributions that are unspent and are to be used in a future year.

	2026	2025
Balance, beginning of year	**$ 677,338**	$ 672,905
Deferred contribution received	**440,232**	257,534
Amount recognized as revenue	**(324,883)**	(253,101)
Balance, end of year	**$ 792,687**	$ 677,338

6. Deferred capital contributions

Deferred capital contributions represent contributions restricted for the purchase of capital assets that are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related capital assets.

	2026	2025
Balance, beginning of year	**$ 1,133,787**	$ 1,297,541
Deferred capital contributions received	**610,243**	87,570
Amount recognized as revenue	**(270,922)**	(251,324)
Balance, end of year	**$ 1,473,108**	$ 1,133,787

7. Revenue

a) Core grants

	2026	2025
Ministry of Health		
Ontario Health Toronto	**$ 4,009,904**	$ 4,024,946
AIDS Bureau – Community Based AIDS Education and Support	**164,924**	173,716
AIDS Bureau – AIDS Bereavement and Resiliency Project of Ontario	**419,427**	446,344
Provincial Programs Branch - Ontario Non-Profit Housing Program	**380,813**	421,697
City of Toronto		
Sorauren	**42,192**	107,820
HASS Linkage to Care	**397,051**	369,972
Habitat Services	**324,446**	244,205
United way	**75,000**	75,000
St. Clare's Multifaith- Homes for good	**40,958**	51,941
LOFT Community Services	**12,000**	12,000
	$ 5,866,715	$ 5,927,641

b) Other Income

	2026	2025
Rental income	**$ 332,599**	$ 323,378
Amortization of deferred contributions related to capital assets	**270,922**	251,324
Miscellaneous	**171,640**	130,840
Unrealized gain on short-term investments	**29,431**	32,075
Investment income	**78,095**	49,096
	$ 882,687	$ 786,713

8. Commitments

The Organization is committed to minimum annual lease payments and operating costs for office premises and office equipment. Minimum future lease payments are as follows:

2027	$ 129,512
2028	129,512
2029	129,512
2030	129,218
	$ 517,754

9. Financials instruments

Transactions in financial instruments may result in the Organization assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of the financial statements in assessing the extent of risk related to financial instruments. There have been no changes to assessed risks from the prior year.

Financial instruments include cash, short-term investments, accounts receivable and accounts payable. The Organization has a risk management framework to monitor, evaluate and manage the principal risks assumed with its financial instruments. The risks that arise from financial instruments include liquidity risk and market risk and these risks remain consistent with the prior year.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting the obligations associated with its financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable. There was no significant change in exposure from the prior year.

The Organization believes it is not exposed to significant liquidity risk as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. Further details about the short-term investments are included in Note 3.

The Organization manages its investment portfolio to earn investment income and invests according to a Statement of Investment Policy approved by The Board of Directors. The Organization is not involved in any hedging relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Company is mainly exposed to currency risk.

i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization primarily invests in short-term investments and enters into transactions denominated in various foreign currencies. The Organization is exposed to risks that the exchange rate of the various currencies may change in a manner that has an adverse affect on the value of the portion of the Organization's assets or liabilities denominated in currencies other than the Canadian dollar. Currency risk is managed through construction of a diversified portfolio of short-term investments in various currencies.

10. Contingencies

The Organization is party to legal actions arising in the ordinary course of operations. While it is not feasible to predict the outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the operations of the Organization. The Organization maintains a level of insurance coverage.

11. Economic dependence

The Organization is dependent on funding from the Ministry of Health to meet its obligations and to finance its continued operations.

12. Comparative information

Certain comparative information has been reclassified where necessary to conform to the presentation adopted in the current year.